

Message Text

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16

ACTION EA-14

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R 280802Z DEC 73

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 9313

INFO AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY VIENTIANE

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E.O. 11652: NA

TAGS: ENRG

SUBJ: PETROLEUM ROUNDUP

REF: A. BANGKOK 19614 B. BANGKOK 19630

1. SUMMARY. LATEST OPEC PRICE INCREASES AND STUDENT PLUS PRESS DEMANDS FOR MORE STRINGENT OIL CONSERVATION MEASURES HAVE SPURRED RTG TO ACTION. KING PROMULGATED DECREE GRANTING PM SANYA FULL EMERGENCY POWERS TO DEAL WITH OIL CRISIS, INCLUDING RATIONING. RESTRICTIONS SO FAR APPLICABLE MAINLY TO ELECTRICITY BUT FURTHER LIMITATIONS ANTICIPATED. INCREASED COSTS OF POL THREATENS SERIOUS BURDEN FOR THAILAND, INCLUDING POSSIBLE SHARP LIMITATION ON ECONOMIC GROWTH. TOURIST INDUSTRY BEGINNING TO FEEL PINCH OF FUEL SHORTAGES ON CHARTER AIRCRAFT

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BUT MORE SHIPS BECOMING AVAILABLE TO MORE THAI EXPORTS.RESULTS OF

OIL PURCHASE MISSION TO PRC REPORTED FAVORABLE BUT UNLIKELY TO BE SIGNIFICANT. DETAILS ALSO NOT YET AVAILABLE ON RESULTS OF RICE FOR OIL MISSION TO SAUDI ARABIA. END SUMMARY.

2. LATEST OPEC PRICE RISE AS WELL AS STUDENT AND PRESS DEMANDS FOR PETROLEUM CONSERVATION HAVE SPURRED RTG TO ACTION. ROYAL DECREE GRANTING PM SANYA FULL EMERGENCY POWERS TO DEAL WITH ALL ASPECTS OF OIL CRISIS, INCLUDING AUTHORITY TO INSTITUTE RATIONING, ANNOUNCED 27 DECEMBER. SECRETARY OF RTG'S PETROLEUM WORKING COMMITTEE TOLD EMBOFF FOLLOWING ENERGY CONSERVATION MEASURES WERE BEING DEBATED BY GOVERNMENT: BAN ON ALL NEON SIGNS, TURNING UP THERMOSTATS AT BANGKOK'S HOTELS AND BUSINESSES TO CUT ELECTRICITY CONSUMPTION FROM AIR CONDITIONING, PROHIBITION ON SUNDAY GAS SALES, CUTBACK IN TV AND RADIO PERFORMANCES, AND EARLY CLOSING TIMES FOR BANGKOK'S ENTERTAINMENT DISTRICTS. PETROLEUM WORKING COMMITTEE IS ALSO STUDYING ON CONTINUING BASIS NECESSITY FOR RISE IN RTG FIXED PRICES FOR PETROLEUM PRODUCTS IN THAILAND. IN ADDITION, ACTING ON ITS OWN AUTHORITY, ELECTRICITY GENERATING AUTHORITY OF THAILAND HAS ALREADY CUT VOLTAGE TO ALL CUSTOMERS BY 3 PERCENT DAY TIME AND 5 PERCENT AT NIGHT. EGAT HAS ALSO BEGUN TO CONVERT 1/3 OF ELECTRICITY GENERATION AT 75 MWH BANGKOK NORTH POWER STATION FROM OIL TO LIGNITE. HOWEVER, CONVERSION WILL NOT BE COMPLETE UNTIL APRIL. STREET LIGHTING HAS ALSO BEEN CUT BY 50 PER CENT. EGAT OFFICIAL TOLD EMBOFF THAT RTG HAD EGAT REQUEST FOR 10 PER CENT RAISE IN ELECTRICITY RATES, BUT HAD NOT YET ACTED. EGAT OFFICIAL SAID THAT EVEN IF GOVERNMENT APPROVED, 10 PERCENT RATE HIKE WOULD NOT BE ENOUGH.

3. MOST RECENT ORGANIZATION OF PETROLEUM EXPORT COUNTRIES (OPEC) PRICE RISE THREATENS SERIOUS CONSEQUENCE FOR THAI ECONOMY. ONE OIL INDUSTRY SOURCE CLAIMS THAILAND WILL HAVE TO PAY 700 MILLION DOLLARS NEXT YEAR FOR PETROLEUM PRODUCTS IT USES. OTHER OIL INDUSTRY SOURCES PREDICT LATEST CRUDE PRICE RISE WILL FORCE THAILAND TO BUY LESS PETROLEUM THAN HER ECONOMY DEMANDS WITH SIGNIFICANT ADVERSE EFFECTS ON THAILAND'S GROWTH RATE. HOWEVER, OTHER INFORMATION INDICATES OPEC ACTION MIGHT LEAD TO CRUDE PRICE RISE FOR THAILAND CLOSER TO 60 PER CENT RATHER THAN 100 PERCENT PRICE HIKE INITIALLY MENTIONED IN PRESS ACCOUNTS.

4. THAILAND'S TOURIST INDUSTRY IS ALREADY FEELING THE PINCH OF PETROLEUM SHORTAGES. ALLOCATION OF AVIATION FUEL ON 9 MONTH AVERAGE
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BASIS IS FACING MANY CHARTER FLIGHT OPERATIONS WITH FUEL SHORTAGES DURING PRESENT PEAK TOURIST SEASON. HOTEL OWNERS AND OTHERS INVOLVED IN THAI TOURISM INDUSTRY HAVE ALREADY BEGUN TO COMPLAIN.

5. SECRETARY OF RTG PETROLEUM WORKING COMMITTEE DESCRIBED BUNKER SHORTAGE AS SERIOUS BUT NOT YET AT CRISIS PROPORTIONS. SAID SOME THAI EXPORTS HAD INDEED PILLED UP IN BANGKOK PORT, BUT INCREASED CALLS BY FREIGHTERS AT BANGKOK DURING LAST FEW DAYS HAD GREATLY REDUCED THE

PROBLEM. NEVERTHELESS, BUNKER SHORTAGES IN THE FUTURE, ESPECIALLY IN JAPAN, HAD POTENTIAL FOR DISASTROUS EFFECTS ON THAI ECONOMY.

6. RELIABLE PETROLEUM INDUSTRY SOURCE TOLD EMBOFF THAT DURING RTG FOREIGN MINISTER CHARTCHAI'S TRIP TO SAUDI ARABIA ONE TIME RICE FOR OIL BARTER DEAL WAS DISCUSSED WITH THAILAND OFFERING SAUDI ARABIA 100,000 METRIC TONS PARBOILED RICE. AT PRICES PREVAILING BEFORE LATEST OPEC ANNOUNCEMENT, OIL MEN COMPUTED ONE METRIC TON OF RICE TO BE EQUAL TO APPROXIMATELY 100 BARRELS OF SAUDI CRUDE. THUS, THAI COULD SECURE APPROXIMATELY 10 MILLION BARRELS OF CRUDE WITH THEIR BARTER OFFER, AN AMOUNT EQUAL TO ABOUT TWO MONTHS' CONSUMPTION. OIL INDUSTRY SOURCE STRESSED CRUDE PRICE RTG WOULD PAY ON GOVERNMENT TO GOVERNMENT PROCUREMENT BASIS HIGHER THAN PRESENT PRICE THAILAND PAYS OIL COMPANIES. MOREOVER, SAUDIS ONLY COMMITTED THEMSELVES "IN PRINCIPLE," AGREEING TO REVIEW PROPOSED DEAL ONCE AGAIN IN JANUARY, WHEN, PRESUMABLY, IT WOULD BE SUBJECT TO MOST RECENT OPEC PRICE HIKES. PRESS REPORTED SUCCESS FOR DEPUTY FOREIGN MINISTER CHARTCHAI'S TRIP TO PEKING TO PURCHASE DIESEL. HOWEVER, 50,000 METRIC TONS OF DIESEL REPORTEDLY BEING OFFERED EQUAL TO ONLY SMALL PERCENTAGE OF THAILAND'S YEARLY CONSUMPTION, BUT NEVERTHELESS OF SIGNIFICANCE BECAUSE OF OIL SHORTAGES IN THIS AREA.

7. OIL INDUSTRY SOURCES MINIMIZED IMPORTANCE OF SECURING "FRIENDLY COUNTRY" STATUS IN ALLEVIATING RELATIVELY MINOR SHORTFALLS IN PETROLEUM PRODUCT AVAILABILITY SUFFERED BY THAILAND THUS FAR. SAID ARABS HAD ONLY INSTRUCTED "7 SISTERS" MAJOR OIL COMPANIES TO ENFORCE EMBARGO AND GAVE NO INSTRUCTIONS TO OIL COMPANIES ON HOW TO DISTRIBUTE PRODUCTION CUTBACKS. AS A RESULT, MAJOR OIL FIRMS WERE ALLOCATING AVAILABLE CRUDE IN EQUITABLE FASHION THROUGHOUT WORLD MARKET. SAME SOURCE IMPLIES NO APPRECIABLE DIFFERENCE IN ALLOCATION WOULD RESULT FROM SIMPLY OBTAINING "FRIENDLY COUNTRY" STATUS.

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